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DeNUCCI FAULTS CONVENTION CENTER BOARD
FOR NO-BID CONSULTANT DEALS

State Auditor Joe DeNucci, in an audit released today, criticized the Massachusetts Convention Center Authority for entering into five lucrative multi-year management consultant contracts worth a total of \$3.2 million without seeking competitive bids.

DeNucci's audit noted that although the authority had adopted procurement policies that follow state competitive bidding laws, it awarded the consulting contracts over a four-year period without conducting a competitive search. Moreover, the authority did not use any formal process to justify the salary and benefits packages negotiated for these consultants.

"Apparently the Convention Center Authority chooses when and if to follow its own policies for awarding contracts," said DeNucci. "The authority should follow sound business practices by conducting a competitive search process for all consultants."

The five consultants were hired to manage the authority's major construction projects currently in progress, the Boston Convention and Exhibition Center (BCEC) and the Springfield Civic Center. The five consultants, and their average annual compensation, ranged from \$280,000 for the Director of Capital Projects to \$80,000 for the Compliance Officer of Projects.

DeNucci said these amounts far exceed the compensation paid to other officials with similar responsibilities. For example, at the time of the audit, the Big Dig's project director was paid \$155,000, the executive director of the Convention Center Authority (since vacated and filled on an interim basis by the Director of Capital Projects) carried a salary of \$150,000, and the Convention Center Authority's chief financial officer received \$104,000. The audit also questioned the provision of health and other fringe benefits to the consultants, noting that one of the purposes of contracting for services is usually to avoid paying benefits.

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In its response, the authority contended that it is not subject to state bidding laws, and that these consultants were necessary to improve the project's administration and management. However, DeNucci said the absence of a formal competitive process leaves the authority with inadequate assurance that it has retained the best possible and most cost-effective team to manage these projects.

In another finding, DeNucci reported that the Convention Center Authority has resolved several issues identified in a prior audit. The report noted that the authority is now following competitive bidding practices for awarding its food and beverage concession contract; is following its existing personnel policies for paying buyback vacation time; has implemented proper controls over its fixed-asset inventory; and is competitively bidding contracts for legal services.